

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (8/19)
BUTTER: Grade AA closed at \$1.6975. The weekly average for Grade AA is \$1.6883 (-.0050).

CHEESE: Barrels closed at \$1.4800 and blocks at \$1.4700. The weekly average for barrels is \$1.4495 (+.0895) and blocks, \$1.4475 (+.0645).

BUTTER: Butter markets remain unsettled as the cash price continues to move higher and lower. The midweek decline is the likely attribution of the bearish July *Milk Production* report. Handlers state that milk production might be heavy, but protein and butterfat levels within the milk are much lower than usual for this time of the summer. Churning activity ranges light to moderate, but lighter than most producers and handlers would desire. Most churners would like to put more butter away ahead of the holiday season and are finding it hard to accomplish. Retail butter demand is fair, occasionally stimulated in the Central part of the country by feature activity associated the sweet corn season. Food service orders are fair for late summer demand, but expected to decline, especially in resort areas, as the summer vacation season winds down.

NOTE: On August 18, the CME announced that it will launch futures for a new dairy contract, CME Cash-Settled Butter™. The new contracts are scheduled to begin trading on Monday, September 19, 2005, and will be the exchange's first dairy futures contract to trade exclusively on the CME® Globex® electronic trading platform. The contract will also differ in that the trade unit will be 20,000 pounds of Grade AA butter versus 40,000 pounds for the existing CME Butter futures contract. The contract will be cash settled based upon the USDA monthly weighted average price.

CHEESE: The cheese market is unsettled, though with a firm undertone. The barrel/block price relationship became inverted after the bearish July *Milk Production* report was released on July 16. An inverted price relationship generally is short lived. Current cheese demand is unevenly steady to occasionally improved where buyers are trying to make purchases near the bottom of the price cycle. Barrels are tight to short, aided by reported promotional activity on processed items. Spot offerings of some specialty varieties such as pepper jack and muenster are limited while blocks are adequate to tight. Mozzarella interest varies from sluggish to improved in areas where schools and colleges are open or are set to reopen. Swiss demand is seasonally good. Cheese production is generally lighter as bottlers require increased milk volumes for school accounts. Cheese yields remain around summer lows.

FLUID MILK: National milk production is seasonally lower in response to hot, summer temperatures. Milk components are lower as well. However, overall supplies of milk are much more abundant than anticipated for this time of year. As school sessions commence, more milk is moving into Class I facilities for bottling. As a result, cream production is expected to increase and thereby possibly alleviate short supplies of cream required for seasonal ice cream production and butter churn activity in preparation for the fall holidays. Cream prices are variable depending on the end use and in light of price swings in the CME AA butter price.

DRY PRODUCTS: Dry product prices are trending steady to higher with the exception of WPC 34%. Low heat NDM supplies are more readily available than anticipated for this time of year. Low heat NDM movement is somewhat

reduced due to slower export sales and reduced interest from some cheese plants. High heat NDM supplies are limited for the good interest. Buttermilk prices are edging higher despite lower interest from some ice cream facilities. Buttermilk production is seasonally light due to reduced churn activity. Whey prices are mostly steady. Some price resistance on whey is noted at the current market, but limited supplies are encouraging the steady to firm undertone. The lactose market is trending steady whereas WPC 34% is steady to weak and predominantly affected by reduced feed demand.

CCC: During the week of August 15 - 19, there was no price support activity.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base price for Class I milk for September 2005 is \$13.70, down \$0.74 from last month and \$0.24 lower than last year. This price is derived from the advanced Class III skim milk pricing factor of \$7.71 and the advanced butterfat pricing factor of \$1.7872 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for September is \$8.00 and the Class II nonfat solids price is \$0.8889 per pound. The following are the two-week product price averages: butter \$1.6043, nonfat dry milk \$0.9594, cheese \$1.4449, and dry whey \$0.2843.

AUGUST MILK SUPPLY AND DEMAND ESTIMATES (WASDE): Milk production in 2005 and 2006 is forecast higher than last month as both the number of cows and milk per cow are raised. Commercial use, especially for skim solids, is expected to remain firm through the forecast period, however, fat basis stocks are expected to increase in 2006. As a result, the Class III price is unchanged in 2005, but lower in 2006. The Class IV price forecast is higher in 2005 but unchanged in 2006. The all milk price for 2005 is slightly higher at \$14.95-\$15.15, but the 2006 forecast is lowered to \$12.85-\$13.85.

JULY MILK PRODUCTION (NASS): Milk production in the 23 major states during July totaled 13.7 billion pounds, up 4.2% from July 2004. June revised production, at 13.7 billion pounds, was up 5.6% from June 2004. The June revision represented an increase of 0.2% or 28 million pounds from last month's preliminary production estimate. Production per cow in the 23 major states averaged 1,682 pounds for July, 59 pounds above July 2004. The number of cows on farms in the 23 major states was 8.14 million head, 48,000 head more than July 2004, and 12,000 head more than June 2005.

JULY FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS): During July about 10.1 billion pounds of milk were received from producers. This volume of milk is 1.0% higher than the July 2004 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +1.2%.) About 3.4 billion pounds of producer milk were used in Class I products, 3.9% lower than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2005 as compared to 2004. The all-market average Class utilizations were: Class I = 34%, Class II = 13%, Class III = 39%, and Class IV = 14%. The weighted average statistical uniform price was \$15.26, \$0.57 higher than last month, and \$1.58 lower than last year.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

PRODUCT	MONDAY AUGUST 15	TUESDAY AUGUST 16	WEDNESDAY AUGUST 17	THURSDAY AUGUST 18	FRIDAY AUGUST 19	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.4025 (+.0425)	\$1.4450 (+.0425)	\$1.4550 (+.0100)	\$1.4650 (+.0100)	\$1.4800 (+.0150)	(+.1200)	\$1.4495 (+.0895)
40# BLOCKS	\$1.4250 (+.0225)	\$1.4650 (+.0400)	\$1.4425 (-.0225)	\$1.4350 (-.0075)	\$1.4700 (+.0350)	(+.0675)	\$1.4475 (+.0645)
BUTTER GRADE AA	\$1.7075 (+.0150)	-----	\$1.6600 (-.0475)	-----	\$1.6975 (+.0375)	(+.0050)	\$1.6883 (-.0050)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2.

CHICAGO MERCANTILE EXCHANGE

MONDAY, AUGUST 15, 2005

CHEESE — SALES: 5 CARS 40# BLOCKS: 1 @ \$1.4100, 1 @ \$1.4125, 1 @ \$1.4150, 2 @ \$1.4250; BIDS UNFILLED: 1 CAR BARRELS @ \$1.4025; 2 CARS 40# BLOCKS: 1 @ \$1.4250, 1 @ \$1.4200; OFFERS UNCOVERED: NONE

BUTTER — SALES: 6 CARS GRADE AA: 2 @ \$1.6950, 1 @ \$1.7000, 1 @ \$1.6950, 1 @ \$1.7000, 1 @ \$1.7050; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$1.7075, 1 @ \$1.7025, 1 @ \$1.6825, 1 @ \$1.6725; OFFERS UNCOVERED: 2 CARS GRADE AA @ \$1.7100

TUESDAY, AUGUST 16, 2005

\$1.4650, 1 @ \$1.4600; BIDS UNFILLED: 1 CAR BARRELS @ \$1.4450; 1 CAR 40# BLOCKS @ \$1.4650; OFFERS UNCOVERED: NONE

WEDNESDAY, AUGUST 17, 2005

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.4425; BIDS UNFILLED: 1 CAR BARRELS @ \$1.4550; OFFERS UNCOVERED: NONE

BUTTER — SALES: 13 CARS GRADE AA: 4 @ \$1.6950, 1 @ \$1.6925, 1 @ \$1.6975, 2 @ \$1.6950, 1 @ \$1.7000, 1 @ \$1.6975, 2 @ \$1.6950, 1 @ \$1.6600; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.6500, 1 @ \$1.6400; OFFERS UNCOVERED: 9 CARS GRADE AA: 2 @ \$1.6700, 1 @ \$1.6725, 2 @ \$1.7025, 2 @ \$1.7075, 2 @ \$1.7100

THURSDAY, AUGUST 18, 2005

CHEESE — SALES: 2 CARS 40# BLOCKS: 1 @ \$1.4250, 1 @ \$1.4425; BIDS UNFILLED: 1 CAR BARRELS @ \$1.4650; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.4350

FRIDAY, AUGUST 19, 2005

CHEESE — SALES: 6 CARS 40# BLOCKS: 1 @ \$1.4700, 1 @ \$1.4400, 1 @ \$1.4700, 2 @ \$1.4500, 1 @ \$1.4700; BIDS UNFILLED: 1 CAR BARRELS @ \$1.4800; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.4700

BUTTER — SALES: 19 CARS GRADE AA: 1 @ \$1.6600, 1 @ \$1.6650, 1 @ \$1.6675, 1 @ \$1.6700, 2 @ \$1.6800, 2 @ \$1.6825, 1 @ \$1.6800, 1 @ \$1.6825, 1 @ \$1.6900, 1 @ \$1.6850, 2 @ \$1.6900, 1 @ \$1.6925, 1 @ \$1.6950, 1 @ \$1.6975, 2 @ \$1.7000; BIDS UNFILLED: 13 CARS GRADE AA: 1 @ \$1.6900, 2 @ \$1.6700, 1 @ \$1.6650, 1 @ \$1.6625, 8 @ \$1.6600; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.6975, 1 @ \$1.7200

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.9625 and Grade A at \$0.9825. (The last price change occurred March 30.) The weekly average for Extra Grade is \$0.9625 (N.C.) and Grade A is \$0.9825 (N.C.).

BUTTER MARKETS**NORTHEAST**

The butter market is somewhat unsettled. The CME seems to be seeking a comfortable trading level. Prices have moved higher and lower during the past two weeks and seem reluctant to break through the year's high price of \$1.73. Maybe today's Milk Production report will give traders a better sense of direction to the market. Churning activity remains light as Class II cream demand is firm and cream supplies are seasonally tight. However, the churn that was down last week for maintenance is now back on line. Demand for bulk butter is just fair. Stocks of bulk and packaged butter are adequate to cover current needs. Retail sales and food service orders are steady. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

The CME cash butter market continues to adjust higher and lower and closed at midweek at \$1.6600. Futures trading was lower on Wednesday prior to cash trading, thus the cash market followed suit. Many producers and handlers felt that the weakness probably was due to the July Milk Production report which came out Tuesday, indicating that milk production was heavier than many anticipated. Handlers state that milk volumes might be heavy, but protein and butterfat levels within the milk are much lower than usual for this time of the summer. Cream supplies continue to tighten and pricing multiples are increasing for butter producers. Multiples are now getting to the point that they are becoming cost prohibitive for churning purposes. Current churning schedules are lighter, thus inventoried stocks are supplementing fresh production.

Imports continue to enter the U.S. For the period of January – July, 10.2 million pounds of quota butter entered the states. This volume compares to 11.2 million pounds for the comparable period last year and is about 66% of the annual quota. Above quota imports for the first seven months of 2005 total nearly 401,000 pounds versus 15.9 million pounds for the comparable period in 2004. Butter demand is fair at best. Retail orders are fair, occasionally stimulated by feature activity associated with seasonal sweet corn. Food service orders remain seasonally steady. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

After moving higher on Monday, the CME cash butter price dropped 4.75 cents on Wednesday to close at \$1.6600. The decline is the likely attribution of the bearish July Milk Production report. Churning is active in the region, but lower where cream is less available. Most churners would like to put more butter away ahead of the holiday season and are finding it hard to accomplish. The impact on cream supplies of the declining fat levels in milk is partially being offset by the increase in standardized school milk. Butter demand is mainly fair and clearing expected volumes. Some contacts are seeing slower than expected interest. Food service orders are decent for late summer demand, but expected to decline at tourist areas. Retail print orders are fair at best and demand is slow where prices are the highest. Steady volumes are moving through club stores. The weekly CME butter stocks report declined by 3.33 million pounds, at 86.8 million pounds. This compares to 104.3 million pounds for the same week in 2004. Bulk butter prices range from flat to 4 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

	CHEESE				
	40# BLOCKS	BARRELS	NDM	BUTTER	DRY WHEY
		38% MOISTURE			
<u>WEEKENDING</u>					
AUGUST 13	1.3907	1.4085	0.9652	1.6306	0.2835
	9,031,272	8,034,502	12,399,767	1,918,579	11,014,903

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are higher on natural and process items; unchanged on Swiss. The market tone is mostly steady, but some firmness is noted. Cheese production in the Northeast remains relatively light as the surplus milk supplies dwindle and yields are seasonally low. Some vat fortification with NDM and/or condensed skim is noted, but the high costs for the extra solids are a deterrent. With schools reopening in a few weeks and colleges already starting, orders for mozzarella are showing some improvement. Demand for cheddar is slightly improved as some buyers try to beat the recent price increases and buy ahead of expected CME average price gains. Stocks of cheese are sufficient to cover needs. Food service orders are holding up fairly well, but we are nearing the transition from summer patterns to school-year patterns. Retail sales are unchanged.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.4625-1.9825
Cheddar Single Daisies	:	1.4200-1.8950
Cheddar 40# Block	:	1.5225-1.7925
Process 5# Loaf	:	1.5700-1.7775
Process 5# Sliced	:	1.5900-1.8150
Muenster	:	1.5350-1.7375
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is unsettled, though cash cheese prices at the Chicago Mercantile Exchange have rebounded during the past few trading sessions. The July milk production estimate for the 23 states at 4.2% above July 2004 appears bearish, until analysts offset the increase with the very low cheese yields caused by the hot summer weather. Many buyers that had been waiting for prices to reach the bottom of the cycle are again trying to build short term inventory at the lower weekly average prices. Some seasonal improvement in demand is noted on certain varieties. Barrel interest is steady to improved; with current inventories low after the sluggish demand in recent weeks caused many producers to shift production over to blocks and 640's. Mozzarella sales continue to improve seasonally as the reopening of more schools and usually cooler fall weather nears. Aged cheddar demand remains fairly quiet. Buyers in resort areas are trying to keep adequate supplies in stock through the fast approaching Labor Day holiday weekend. Current milk intakes are slightly higher and lower after temperatures moderated. Cheese yields remain at summer low levels.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.5600-1.9700
Brick And/Or Muenster 5#	:	1.9325-1.9800
Cheddar 40# Block	:	1.7325-2.2650
Monterey Jack 10#	:	1.9725-2.2650
Blue 5#	:	2.2275-2.6900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5600-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.4300-2.8700

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER		CHEESE	
	:		:
08/15/05	47,399	:	147,464
08/01/05	50,862	:	149,286
CHANGE	-3,463	:	-1,822
% CHANGE	-7	:	-1

WEST

Western cheese prices have increased and reflect higher prices and averages at the CME over the last few weeks. The CME block price traded at \$1.3575 on August 2nd and has moved 8.5 cents higher to close at \$1.4425 on August 17. The early August barrel low price of \$1.3400 has increased 11.5 cents to close at \$1.4550 on August 17. Cheddar production is fair to good and producers are trying to find extra milk to keep output on pace with orders. The seasonal drop in milk and solids has impacted yields over the past 4 - 6 weeks, especially in the areas having hotter weather. Demand for cheddar is good and most producers are seeing stocks clear. Interest for mozzarella is mixed and some plants are cutting back on production to help balance stocks. Others are seeing good orders ahead of school and other fall seasonal needs. Swiss demand is fair to good ahead of fall and winter placements. Process cheese orders remain good and buyer interest is readily clearing available product. There is some unsettledness to the cheese market prices following the release of the July *Milk Production* report at 4.2% higher for the 23 reporting states, which is mainly higher than most expectation. The current inversion of barrel and block prices is interesting but likely will not last.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.5125-1.7700
Cheddar 40# Block	:	1.5025-1.8550
Cheddar 10# Cuts	:	1.6825-1.9025
Monterey Jack 10#	:	1.6925-1.8525
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are mostly steady to fractionally high on domestic styles; steady to occasionally lower on imported. The market tone is unchanged, but expected to improve as shopping habits get back into the "school-year" patterns. Recent reports indicate that cheese stocks in the EU are tight. Through May, EU cheese exports are down more than 10% from a year ago.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.6300*	: 1.7750-3.2650*
Gorgonzola	: 3.6900-6.0900	: 2.2875-2.4900*
Parmesan (Italy)	: TFEWR	: 3.1900-3.2975*
Romano (Italy)	: 2.1000-3.1900*	: -0-
Provolone (Italy)	: 3.4400-6.0900	: 1.7775-2.0125*
Romano (Cows Milk)	: -0-	: 2.9725-5.1375*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 3.1200-4.1500	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.5600	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	113	0	134	0	157	0
SOUTHEAST STATES	91	0	31	0	40	0

Regional Milk Market Administrators announced the following, July 2005 uniform prices: Northeast \$15.85, Mideast \$14.96, Appalachian \$16.26, Southeast \$16.18, Florida \$17.47, and Western New York (a state order) \$15.49 at the base city or county in the orders. July milk production in the 23 major states totaled 13.70 billion pounds, up 4.2% from July 2004. The following are the July-to-July changes for selected states: Texas +11.0%, Pennsylvania +7.0%, New York +3.8%, Virginia +2.8%, Vermont +1.4%, Florida +0.5%, and Kentucky (-2.5%). Milk production is easing slightly lower in the Northeast; steady to lower in the Southeast. Florida contacts comment that early this week, Orlando had record high temperatures and near record highs were forecast for most of the week. The milk flow is declining and handlers report increased orders from bottlers. This week's imports are actually lower than last week, but anticipated "carry over" weekend volumes have already been used. This will likely necessitate increased imports next week. Contacts in other Southeastern states are also bringing in more milk for bottling, but these in-shipments, per agreements, started this week. There is still a lot of surplus milk in the Southeast, much of it coming in from the Southwest and manufacturing schedules are heavier than expected. Northeastern contacts reports that although milk supplies are declining, volumes coming into their plants is still quite heavy. Milk production has bounced up and down with weather conditions. Again, there are fewer plants in this region than there was year ago and those remaining plants have more milk to process. Schools are getting back in session with many Northeastern states' and Virginia's systems not reopening until after Labor Day. Bottling is increasing as orders improve. Some plants in the Southeast do "the typical thing," by ordering real heavy (which they are doing now) and then canceling loads when they fill their needs. This phenomenon is not isolated to the Southeast. It is just that this is the area where most of the schools are reopening. This pattern will repeat itself in the Northeast in coming weeks. The condensed skim is little changed. Demand ranges from fair to good and prices are steady. The fluid cream market remains firm. Supplies are still tight, but as bottlers step up processing, more cream is expected from standardizing. Spot prices are mostly higher. Last week's CME butter average increased 4.25 cents and multiples are generally in high 130's or low 140's, f.o.b. Some last minute orders did command the highest multiples. Demand continues to be good. Ice cream plants are operating at typical, summer levels. Soft serve mix production and sales are good. Production of sour cream and dips is improving. Bottled cream output is easing from peak levels. Churning activity is light.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.2182-2.5061
DELIVERED EQUIVALENT ATLANTA	-	2.2521-2.4722 M 2.3368-2.3876
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.2013-2.4045

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9900-1.0500
NORTHEAST- CLASS III - SPOT PRICES	- 1.0800-1.1400

M I D W E S T

Class I interest was steady to occasionally stronger. The increases are more notable in southern and central parts of the region where schools have reopened for the new school year or are set to reopen next week. Milk shipments into the southeast from the southwest and north central region continue though some milk flowed northward for manufacturing from Tennessee. Manufacturing milk demand is somewhat improved. Reported spot manufacturing milk prices range from about \$1.00 to \$2.00 over class, fob. The rapid escalation in fuel and trucking costs are causing higher fuel surcharges and not making a truck/trucker any easier to find. Cream and ice cream interest remains good. Bottlers are hoping increased bottling caused by the reopening of schools will lessen the need to import supplemental cream supplies from other areas of the country. Ice cream production remains seasonally good with many operations still dependent on 6 day schedules to keep up with demand. The extremely hot weather has moderated in the past week or so and milk intakes have generally stabilized and very occasionally rebounded slightly. Fat and protein tests remain seasonally low. Many areas remain dry and

so and milk intakes have generally stabilized and very occasionally rebounded slightly. Fat and protein tests remain seasonally low. Many areas remain dry and crop conditions are very dependent on frequent rains to finish. Initial estimated July milk production in selected Midwestern states compared with July 2004 is: Wisconsin, 1.978 billion pounds, an increase of 93 million pounds (4.9%); Minnesota, 683 million pounds, up 4 million pounds (0.6%); Michigan, 576 million pounds, up 34 million pounds (6.3%); Iowa, 318 million pounds, down 2 million pounds (-0.6%); and Indiana, 265 million pounds, up 19 million pounds (7.7%). Cow and heifer prices at a Wisconsin dairy auction on August 17 compared to late June are steady to about \$100 per head lower. Approved quality springing cows went for \$1700 - 1850 per head and mediums \$1400 - 1700. Approved quality springing heifers went for \$1700 - 2000 and mediums \$1400 - 1700.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUG 11 - 17	PREVIOUS YEAR
SLAUGHTER COWS	\$ 50.00- 56.00	\$ 54.00- 62.00
REPLACEMENT HEIFER CALVES	\$350.00-760.00	\$350.00-650.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	AUG 11 - 17	PREVIOUS YEAR
SLAUGHTER COWS	\$ 49.00- 58.00	\$ 55.50- 62.00

W E S T

Milk production in the 23 major states during July totaled 13.7 billion pounds, up 4.2% from July 2004. (June revised production, at 13.7 billion pounds, was up 5.6% from June 2004. The revision was increased 28 million pounds (+0.2%.) Production per cow averaged 1,682 pounds for July, 59 pounds (3.6%) above July 2004. The number of milk cows on farms was 8.14 million head, 48,000 head (0.6%) more than last year and 12,000 head more than last month. July milk production changes versus a year ago in selected Western states: AZ +6.3%, CA +1.5%, CO +13.8%, ID +13.4%, NM +4.1%, OR -0.5%, and WA +4.3%. Cow numbers in these states increased by 75,000 head from July 2004. CALIFORNIA milk production has been impacted in recent weeks by hot and sometimes humid weather conditions. Current conditions have improved and the volumes of milk and solids have improved slightly. The impact is helping to increase plants' schedules. Solids are often not at expected levels. Conditions in the South are cooler and milder. Cows are responding with additional milk. Fluid milk orders are up as some school accounts are more active. Milk has come back a couple percent in the Central Valley as result of the cooler weather. Some rains have occurred, which dropped temperatures. The rains are impacting the quality of hay down in the fields. Currently, very little quality hay is being made. In the North, milk is steady to higher as temperatures drop. Solids in milk are trying to recover. Several bottlers note school accounts are coming back to fill their pipelines this and next week. Retail milk orders are not active. Milk production is recovering in ARIZONA as daytime high temperatures are lower and conditions are more pleasant for the milking herds. Milk gains of several percentage points are common. Milk solids are gaining slightly. Bottled milk orders remain good for retailers with features and also to school accounts. NEW MEXICO milk output this week is steady to slightly lower. Temperatures are hot and conditions are more humid following last week's cooler and rainy weather. Milk is being handled as expected. Orders from the Southeast are improving but it remains a challenge to find trucks to haul milk. A plant remains down for renovations but is expected to be up next week. Fluid milk orders are stronger as bottlers supply school accounts. Rains have affected the fourth cutting of hay across much of the state. Harvesting has slowed and quality will be low. Hay prices are holding steady at levels above last year. There remains some unsettledness in the CREAM market. The impact of the CME butter market decline at midweek is being noted. The price closed at \$1.6600 on August 17, down 3 cents from a week ago. Cream prices are mixed, depending on the base price. Supplies of cream are light to moderate and affected by the lower butterfat content of milk. Cream demand is fair from ice cream and other higher class accounts. Butter producers want extra cream to make stocks for year end needs. Western multiples range from 118 to 128 FOB, and vary depending on class usage and basing point. Milk output in the PACIFIC NORTHWEST is mixed. Some locations are holding steady with mostly comfortable weather conditions while other areas are seeing slight declines. Milk gains could be higher, but forage quality and pricing are thought to be limiting gains. Milk components are at expected lower levels. The quality of the current cutting of hay is low and the availability of premium hay this year will be tight. Some cooling has been noted in UTAH and IDAHO. Slight gains in milk and components have been reported. Plants are running on normal schedules.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are mostly unchanged on a steady market. Milk production is higher than anticipated at this time of year, encouraging NDM production. While some formula based prices continue to ratchet higher, some plants are willing to sell at steady to lower prices. Traders suspect that supplies are more ample than producers report. As a result, trade activity via brokers is very light. Some price resistance is noted at the current market. However, with more milk moving into Class I for school lunch, production of NDM is expected to decline, encouraging producers to resist bids at reduced prices. Supplies of high heat are limited for the good interest.

EAST: Prices are generally steady this week, but some fractional increases have been noted. The market tone is unchanged. Production levels are holding up better than expected. Despite reduced volumes of surplus milk, butter/powder plants still have ample milk to process. Most producers report that they have little NDM on hand and some are scrambling to make enough to cover sales commitments. On the other hand, there are anecdotal reports of one large producer having heavier than desired inventories and sales people are pushing to get customers to take extra or pick up previously ordered loads. Historically, Eastern producers ran out of milk and NDM during the hot, summer months and Western sources would cover all or part of those regional shortages. This year, milk supplies have increased and Eastern dryers have/had plenty milk to process. Adding to the supply situation, there are still reports of old, government sell-back powder on the market well below current asking prices. With all the milk in the Southeast, powder from plants in that region is being offered. This is another area where plants were typically idled during the summer, but many still have plenty of milk to process. Demand is just fair as many buyers already have sufficient inventory or they are waiting for bargains, should they appear. There is no problem finding and buying NDM. Medium and high heat powders are in the shortest supply and generally produced to meet existing orders.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .9600 - 1.0325 MOSTLY: .9800 - 1.0150
 HIGHHEAT: 1.0075 - 1.1000

NONFAT DRY MILK - WEST

Western low/medium nonfat dry milk prices are steady to slightly higher. There are concerns about the effect higher natural gas prices will have on energy surcharges. Offerings are available. With higher NDM supplies in other regions, the West does not have to supply those regions that have in recent years relied on the West for needs. Cheese producers are often taking less than expected volumes as they use local milk and components to make cheese. Mozzarella is a slower than expected user of condensed skim and NDM. Exports are moving slower than projections, but new orders are being negotiated for the remainder of the year. Reportedly, Mexico has imposed a 30% tariff on "food preparation powder" which will impact US exports. The impact on the volume of powder being exported from the U.S. will have to be determined. High heat prices are slightly higher. Demand and offerings are in balance. There is dryer time to make high heat at some plants. From January to June, exports of NDM/SMP totaled 167,591 MT (369.5 million pounds), compared to 76,631 MT (168.9 million pounds) a year ago. During June 2005, 41.2 million pounds of NDM/SMP were exported.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .9300 - .9800 MOSTLY: .9350 - .9650
 HIGHHEAT: .9600 - .9975

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
August 12	\$.9410	5,686,004	0
August 5	\$.9373	5,890,427	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal on a steady market. Trade activity is very light. Supplies are available at some locations yet producers are not aggressively marketing stocks. Interest is best from brokers and traders. Production is light as cream flows more readily into Class II plants than into churns. However, as milk moves into bottles for the school year, more cream is expected to become available for butter and buttermilk production.

F.O.B. CENTRAL: .9500 - 1.0450

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to higher and the market tone is unchanged. Northeastern prices are nominal. Churning activity is still relatively light in the East. Class II cream demand is holding nicely and there is little excess cream moving to local churning facilities. The demand for liquid buttermilk is seasonally good, which keeps drying at generally light levels. Producer stocks are closely balanced and adequate to cover the fair demand.

F.O.B. NORTHEAST: .9500 - 1.0050
 DELVDSOUTHEAST: .9800 - 1.0600

DRY BUTTERMILK - WEST

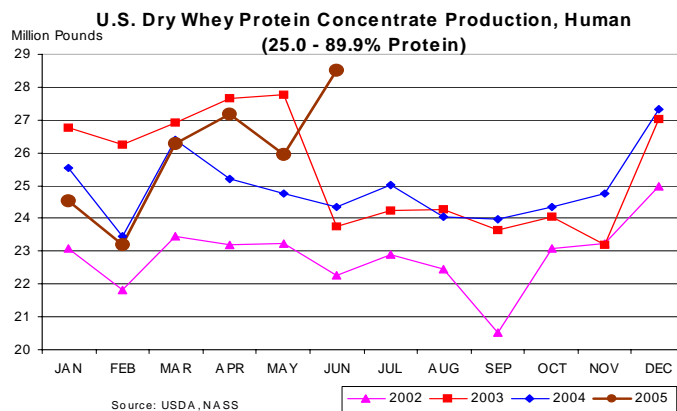
Western dry buttermilk prices are higher for the range, but holding steady for the mostly series. The market tone is steady. Drying schedules have been steady to lower in recent weeks and reflect churning schedules. Dryer time is available for drying buttermilk. Buyer interest is mixed. Ice cream demand is trending lower with some bakery interest expected to return. Stocks are light to moderate.

F.O.B. WEST: .9100 - .9650 MOSTLY: .9150 - .9200

DRY WHOLE MILK - NATIONAL

Prices are unchanged to higher. Some Western producers are moving their dry whole milk prices in conjunction with the CME cash butter price movement. Although the CME cash butter price has moved higher and lower in the past month, the weekly average has increased for four consecutive weeks. Due to the lack of spot buying activity at the producer level, the dry whole milk prices remain nominal. Production levels are light and plant stocks closely balanced. Demand is just fair.

F.O.B. PRODUCING PLANT: 1.3125 - 1.4900



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are unchanged on a firm market. Trade activity direct from the manufacturer is very light. Supplies are most readily available from resellers where trades are reported at 1/2 to 1 cent higher. Offers of Central region whey are noted into Canada. Feed interest is very light with most buyers satisfied with contractual deliveries. Some spot interest in milk replacer quality whey is reported at prices predominantly near the lower end of the range. Inventory of all hogs and pigs for June 2005 in the U.S. and Canada was 75.8 million head. This was up 2% from June 2003, and up slightly from 2004. The breeding inventory, at 7.63 million head, was up 1% from both a year ago and from last quarter. Sows farrowed during this period totaled 3.73 million head, virtually unchanged from last year.

F.O.B. CENTRAL: .2775 - .2925 MOSTLY: .2775 - .2875
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2500 - .2675

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are often higher as Eastern producers shadow recent increases in other areas of the country. Production levels are light, but most producers are on line and operating nicely. Reports indicate that one cheese makers is adding a day to their weekly cheese production schedule, but the hot weather has impacted their dryer efficiencies. The Northeast prices are nominal. The market tone is unchanged. Most producer stocks are closely balanced and some are sold out for the remainder of the year. Traders continue to report a steady, though lackluster, domestic demand.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2875 - .3025
DELVD SOUTHEAST: .3075 - .3325

DRY WHEY - WEST

Western whey prices continue to hold mainly steady. The market tone is steady to slightly firm. Drying schedules are level to higher where milk has increased. The decline in solids has impacted cheese and whey yields. Demand is fair for both domestic and export accounts. While price resistance is being expressed, sales are occurring at current pricing levels. Producer inventories are mostly light in the region.

NONHYGROSCOPIC: .2900 - .3225 MOSTLY: .3000 - .3200

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are easing slightly, but surplus milk volumes remain surprisingly heavy following all the hot weather much of the country has suffered through this summer. Demand for canned evaporated milk is seasonally slow. The Kansas City Commodity office announced the issuance of EVD-1, invitation 850 inviting competitive offers to sell to CCC 2,827,440 pounds of evaporated milk for delivery October - December 2005. Offers are due by 9:00 a.m. CST, August 23, 2005.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.50 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a steady to weak market. Trade of WPC 34% into food markets is steady with good interest from Mexico reported. WPC 80%, blood plasma, wheat and soy proteins are directly competitive with the WPC 34% market in the feed sector. As a result, a number of feed operations are delaying loads or asking to be released from some contractual orders in an effort to defray the high cost of dairy protein. Most sellers are reluctantly agreeing to release a load or two. Some feed buyers are attempting to resell loads of WPC 34% before market prices further decline and offering at 2 cents under without avail. Production is steady and higher than anticipated at this time of year. During the first half of 2005, WPC 34% exports increased 13.48% whereas WPC 80% exports decreased 17.72% compared to the same period in 2004. Export quantities and percentage changes for the dominant 34% WPC markets include: Mexico 14,915,570 lbs (+161.06%), Canada 4,272,454 lbs (+6.96%), China 3,460,500 lbs (+118.19%), Japan 2,773,954 lbs (-60.46%) and Brazil 2,595,430 lbs (+1849.67%). Export quantities and percentage changes for the dominant 80% WPC markets include: Canada 2,811,422 lbs (-15.55%), Mexico 2,334,036 lbs (+193.27%), Japan 850,946 lbs (+81.52%), and China 674,424 lbs (-65.08%). Exports of 34% WPC (34,484,886 lbs) and 80% WPC (7,918,090 lbs) for the first half of 2005 account for 27.3% of WPC (25.0 - 89.9% protein) production for same period.

F.O.B. EXTRA GRADE 34% PROTEIN: .8950 - .9175 MOSTLY: .8950 - .9050

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a mostly steady market. Some traders are able to pick up multiple loads of lactose from plants for resale into export markets. Supply availability is reportedly mixed as some plants have product for sale direct to end-users whereas others are sold out. The undertone for fourth quarter is also mixed. With dry whey permeate prices competitively priced with lactose and more production expected this fall, traders suspect the market will be steady to lower. Producers report good demand and tight conditions into the quarter, inferring that market prices may move higher. Feed interest is steady at best. During the first half of 2005, lactose exports increased 37.32% compared to the same period in 2004. Export quantities and percentage changes for the dominant markets include: Japan 28,757,131 lbs (+22.4%), China 17,296,110 lbs (+263.8%), Mexico 11,607,807 lbs (+13.5%) and Vietnam 5,998,406 lbs (+7.05%). Trinidad and Tobago are added to the list of new markets for lactose. Exports accounted for 24.9% of production during the first half of 2005 with production trending 2% higher than last year.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1875 - .2200 MOSTLY: .1900 - .2100

CASEIN - NATIONAL

Casein prices remain firm and the market tone is unchanged. European sourced casein supplies are reported to be in a best supply/demand situation versus other sources. European production has been strong this season but is winding down as milk volumes decline. The new milk production season in Oceania is just getting underway, thus it is still too early to report on casein production trends. Milk production projections in New Zealand are in the 4 - 5% increase range over last year with Australian increases projected in the 1 - 2% range. Producers feel that if these projections become reality, casein output should be back to levels of two years ago in the region.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.2700 - 3.4500
ACID: 3.2700 - 3.4000

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	08/03	08/04	08/05	08/08	08/09	08/10	08/11	08/12	08/15	08/16
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
JUL 05	14.38 (3064) 1	14.38 (2922) 0	14.35							
AUG 05	13.45 (3095) 256	13.54 (3101) 67	13.54 (3081) 30	13.50 (3082) 11	13.45 (3056) 0	13.45 (3015) 67	13.49 (3034) 19	13.54 (3040) 36	13.59 (3041) 26	13.60 (3039) 2
SEP 05	14.35 (3742) 152	14.33 (3733) 50	14.45 (3717) 214	13.94 (3729) 246	13.93 (3734) 37	13.90 (3748) 28	13.92 (3720) 64	13.84 (3713) 78	13.98 (3619) 217	14.07 (3622) 93
OCT 05	14.28 (2514) 76	14.22 (2512) 8	14.30 (2525) 155	14.01 (2524) 76	14.00 (2582) 154	14.03 (2538) 38	14.09 (2518) 30	13.96 (2455) 109	14.05 (2501) 107	14.04 (2494) 60
NOV 05	13.47 (1733) 10	13.44 (1732) 4	13.50 (1734) 16	13.47 (1738) 10	13.52 (1737) 20	13.65 (1743) 26	13.67 (1749) 22	13.53 (1746) 27	13.66 (1744) 26	13.62 (1749) 36
DEC 05	13.39 (1598) 13	13.40 (1597) 6	13.41 (1592) 46	13.40 (1593) 3	13.40 (1667) 83	13.47 (1673) 23	13.50 (1674) 26	13.44 (1682) 11	13.44 (1687) 25	13.44 (1690) 44
JAN 06	12.87 (951) 25	12.90 (953) 2	12.90 (953) 9	12.90 (953) 12	12.92 (963) 34	12.95 (957) 10	12.90 (975) 40	12.86 (976) 39	12.79 (978) 9	12.80 (1003) 27
FEB 06	12.81 (803) 5	12.81 (803) 2	12.80 (804) 14	12.78 (802) 19	12.78 (813) 21	12.80 (813) 8	12.77 (819) 22	12.70 (824) 22	12.61 (837) 16	12.63 (856) 29
MAR 06	12.83 (803) 10	12.83 (803) 0	12.82 (803) 2	12.79 (800) 11	12.80 (810) 24	12.81 (812) 10	12.77 (818) 25	12.71 (829) 29	12.67 (841) 16	12.70 (862) 29
APR 06	12.74 (737) 5	12.74 (744) 8	12.75 (744) 3	12.75 (737) 8	12.75 (752) 25	12.77 (748) 8	12.75 (762) 15	12.75 (766) 27	12.65 (769) 4	12.66 (789) 23
MAY 06	12.75 (670) 0	12.75 (684) 16	12.75 (683) 5	12.75 (676) 8	12.75 (679) 11	12.77 (669) 23	12.75 (686) 19	12.74 (690) 35	12.64 (690) 1	12.64 (707) 15
JUN 06	12.85 (607) 0	12.86 (619) 19	12.87 (622) 6	12.90 (615) 8	12.90 (620) 7	12.91 (623) 6	12.91 (635) 14	12.90 (647) 41	12.86 (647) 1	12.86 (659) 18
JUL 06	13.19 (438) 2	13.19 (441) 7	13.20 (441) 1	13.25 (441) 1	13.25 (442) 1	13.26 (452) 12	13.25 (466) 14	13.25 (487) 23	13.25 (488) 2	13.26 (511) 16
AUG 06	13.23 (410) 2	13.23 (415) 7	13.24 (415) 0	13.24 (415) 1	13.23 (416) 2	13.25 (420) 4	13.25 (422) 14	13.25 (442) 23	13.25 (443) 2	13.26 (461) 11
SEP 06	13.45 (430) 3	13.45 (437) 7	13.50 (437) 0	13.50 (437) 1	13.50 (437) 0	13.50 (441) 15	13.52 (443) 9	13.52 (461) 24	13.52 (463) 3	13.57 (487) 16
OCT 06	12.95 (417) 0	12.95 (421) 4	12.98 (422) 1	13.00 (422) 1	12.95 (423) 1	12.95 (427) 9	12.95 (430) 7	12.95 (449) 23	12.95 (449) 0	12.96 (469) 9
NOV 06	12.80 (389) 0	12.80 (389) 4	12.80 (389) 0	12.80 (389) 2	12.80 (389) 0	12.80 (394) 5	12.80 (401) 11	12.80 (417) 20	12.80 (421) 4	12.84 (430) 12
DEC 06	12.78 (410) 0	12.78 (410) 4	12.78 (410) 0	12.80 (410) 2	12.77 (410) 0	12.77 (415) 9	12.77 (422) 7	12.77 (441) 23	12.78 (441) 1	12.79 (447) 10
JAN 07	12.70 (51) 0	12.70 (51) 0	12.70 (51) 0	12.70 (54) 3	12.70 (54) 0	12.70 (54) 0	12.70 (54) 0	12.70 (54) 0	12.70 (54) 0	12.69 (54) 0
FEB 07	12.55 (45) 0	12.55 (45) 0	12.55 (45) 0	12.55 (45) 0	12.55 (45) 0	12.55 (45) 0	12.55 (45) 0	12.55 (45) 0	12.55 (45) 0	12.54 (45) 0
MAR 07	12.55 (43) 0	12.55 (43) 0	12.55 (43) 0	12.55 (43) 0	12.55 (43) 0	12.55 (43) 0	12.55 (43) 0	12.55 (43) 0	12.55 (43) 0	12.55 (43) 0
APR 07	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0
MAY 07	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0
CME - (CLASS IV) MILK FUTURES - Dollars per cwt.										
JUL 05	12.90 (22) 0	12.96 (22) 0	13.17							
AUG 05	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 1	13.25 (22) 0	13.25 (22) 0	13.25 (22) 0	13.25 (22) 0
SEP 05	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (23) 1	13.25 (23) 0	13.25 (23) 0	13.25 (23) 0	13.25 (23) 0
OCT 05	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0
NOV 05	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0
DEC 05	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0
CME - BUTTER FUTURES -- Cents per pound										
SEP 05	162.75 (475) 3	165.00 (475) 11	169.00 (471) 19	168.00 (468) 9	163.00 (464) 9	168.00 (464) 0	168.00 (457) 15	169.00 (442) 17	169.50 (430) 19	167.00 (423) 15
OCT 05	165.00 (364) 7	165.50 (371) 7	169.00 (370) 5	165.00 (371) 2	163.00 (373) 3	167.50 (373) 0	167.50 (372) 1	167.00 (367) 15	169.25 (365) 5	167.00 (362) 4
DEC 05	156.00 (165) 0	156.00 (165) 7	161.00 (167) 11	162.00 (168) 6	160.00 (168) 0	162.00 (168) 0	162.00 (168) 0	162.00 (168) 0	162.00 (167) 5	160.00 (167) 4
MAR 06	152.00 (35) 0	152.00 (35) 0	152.00 (35) 0	152.00 (36) 1	152.00 (36) 0	152.00 (36) 0	152.00 (36) 0	152.00 (36) 0	152.00 (39) 0	152.00 (39) 0
MAY 06	152.00 (23) 0	152.00 (23) 0	152.00 (23) 0	152.00 (23) 0	152.00 (23) 0	152.00 (25) 2	152.00 (25) 0	152.00 (27) 2	152.00 (27) 0	152.00 (28) 1

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered August 8 - 19, 2005

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN OVERVIEW: Mixed weather patterns across Europe continue to influence milk production trends during the downside of the season. Recent weather ranges from continued hot/dry conditions to areas of cooler than normal temperatures for this time of the year. For the most part, milk production within the EU is running about 1% ahead of last year. Buying interest is quiet. Traders and handlers are not overly surprised at the light trade, but question when will buyers return to the market. At the present time, sales activity continues to center around an internal or domestic market. Stocks are available for immediate and future deliveries. Traders state that although stocks are available, producers and handlers appear to not be overly concerned about unsold inventories. Prices remain steady, although some feel that prices will need to weaken to encourage buyers back to the marketplace. The Euro has strengthened considerably against the dollar in recent days which will further put pressure on sales negotiations. It is still holiday (vacation) time throughout much of Europe, but this will soon be ending, which is typically a time when buyers once again return. Many European producers, handlers, and traders continue to closely monitor what is developing in the Oceania region which may greatly influence future sales activity and price direction.

BUTTER/BUTTEROIL: European butter prices are unchanged, although the market tone is unsettled and weak. Producers and handlers state that stocks are readily available for immediate and future deliveries. Butter handlers indicate that buyer interest continues to center around an internal or domestic market, with international interest light. Handlers feel that prices will need to weaken to encourage buyers back to the marketplace.

82% BUTTERFAT: 1,850 - 2,000
99% BUTTERFAT: 2,500 - 2,800

SKIM MILK POWDER (SMP): Skim milk powder prices are basically unchanged, although an unsettled undertone is developing. Traders and handlers state that buyer interest is very quiet. Traders indicate that slow sales for this time of the summer are not unusual, but also indicate that they do not foresee much potential once the holiday (vacation) season comes to a close. Speculation among industry representatives is that buyers are hesitant at this time until more information comes out of the Oceania region on their upcoming milk production season and product availability.

1.25% BUTTERFAT: 2,300 - 2,400

WHOLE MILK POWDER (WMP): Whole milk powder markets are steady at unchanged prices. Producers and handlers report that stocks are available for immediate and future shipments. Buying interest is slow and unaggressive, especially from international buyers. Internal or domestic demand is seasonally fair. Lack of buyers for much of the current season does not have producers and handlers overly concerned about unsold stocks. Lighter milk powder production early on in the current milk production season allowed stock levels to build at a slower rate, thus suppliers and handlers are quite comfortable with their supplies at this time.

26% BUTTERFAT: 2,200 - 2,350

SWEET WHEY POWDER: Whey powder markets are steady to firm with prices unchanged to higher within the reported range. Buyer interest has improved, especially from Eastern Europe. Stocks are available. Cheese production has been strong during much of the current season, although cheese output is seasonally declining, thus whey volumes will also be edging lower.

NONHYGROSCOPIC: 650 - 800

EASTERN OVERVIEW: Milk production in Eastern Europe continues to decline seasonally. Weather patterns are also influencing milk output in this area. Reports indicate that dry conditions are occurring in some non EU countries, thus lower milk volumes. Traders and handlers feel that some of these lower production regions might need to reach to other European areas during the upcoming winter months to fill their dairy needs. Outside of this buyer potential, sales for the future remain light.

OCEANIA

OVERVIEW: The new milk production season continues to develop in Oceania. Although it is still very early in the season, New Zealand producers and handlers are projecting a 4 - 5% increase over last season. This will bring production back in line to slightly higher than two years ago. In Australia, producers and handlers are hopeful to continue the gains that they have experienced at the end of the 2004 - 2005 season. Production data for eleven months (July 04 - May 05) in Australia indicates that cumulative output was 0.4% ahead of the previous year. Victoria, the major milk producing region, is realizing a 2.8% cumulative increase over last year for the eleven month period, although production in New South Wales and Queensland is down 4.6% and 8.9%, respectively. At this point, Australian production projections for the 2005 - 2006 year are 1 - 1 1/2% above last year with much of this projection dependent on weather conditions. Traders and handlers report that stocks of the 04/05 year are getting quite low. As has been the case for much of the year, stocks have been fully committed to regular and ongoing customer needs. As the season ends, stocks are very minimal and most report that they have nothing available for end of season sales. Producers and handlers are reviewing their pricing structures and prices are holding steady to slightly firmer as the new season begins. Traders indicate that new customers are looking for product from the region and, for the most part, are not committing to this buyer interest. Currently, suppliers and traders are maintaining a very conservative approach to their upcoming production and filling their regular and ongoing customers needs.

BUTTER: Oceania butter markets are generally steady at unchanged prices. Traders and handlers continue to fill previous commitments from inventoried stocks. Now that the 2004 - 2005 milk production year has ended and the new season is just beginning, butter stocks are in very close balance with needs. Producers and handlers indicate that most warehouses will be completely cleaned out once new production begins to occur. Traders feel that a large percentage of new production has already been committed to regular and ongoing customers, thus very minimal, if any, volumes are available for spot buyer interest.

82% BUTTERFAT: 1,950 - 2,400

CHEDDAR CHEESE: Oceania cheese markets are firm. Shipments of inventoried stocks continue to clear the region. Traders and handlers feel that cheese supplies are in close balance with needs, thus minimal volumes will be carried over into the new production season. The new milk production season is just getting underway and cheese production remains light. Producers and handlers are anticipating that the upcoming production season will be much the same as recent years. For the most part, they know what their needs will be, thus they will be gearing production schedules to meet that need.

39% MAXIMUM MOISTURE: 2,800 - 3,000

SKIM MILK POWDER (SMP): Skim milk powder markets are steady to firm with prices unchanged to slightly higher. Inventoried stocks are minimal as traders and handlers prepare final shipments under last year's contracts. The new milk production season is just getting underway in the Oceania region. It is still too early to realize what production is actually doing, but producers and handlers in both Australia and New Zealand remain optimistic about the upcoming season. Traders have been finalizing contracts for the coming year and for the most part, anticipated production is heavily committed. Traders do indicate that new buyers are looking for powder, but most Oceania supplies are being committed to regular and ongoing customer needs.

1.25% BUTTERFAT: 2,200 - 2,350

WHOLE MILK POWDER (WMP): Oceania whole milk powder market is firm with prices unchanged to slightly higher. Many Oceania producers and handlers are looking forward to an active year of production and sales. Some producers feel that whole milk powder production may be heavier this season as some skim milk powder supplies may be sourced from outside the region, thus allowing more milk to clear through whole milk channels. At this point, a large percentage of early production has already been committed, thus limited volumes, if any, are available for spot buyers.

26% BUTTERFAT: 2,250 - 2,350

Exchange rates for selected foreign currencies: August 15, 2005

.8338 Canadian Dollar	.0230 Indian Rupee
.3471 Argentina Peso	.7052 New Zealand Dollar
.0945 Mexican Peso	.7686 Australian Dollar
.3051 Polish Zloty	.0092 Japanese Yen
	1.2368 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0945)= 10.5820 That is 1 US Dollar equals 10.5820 Mexican Pesos. Source: "Wall Street Journal"

AUGUST MILK SUPPLY AND DEMAND ESTIMATES*

Milk production in 2005 and 2006 is forecast higher than last month as both the number of cows and milk per cow are raised. Commercial use, especially for skim solids, is expected to remain firm through the forecast period, however, fat basis stocks are expected to increase in 2006. As a result, the Class III price is unchanged in 2005, but lower in 2006. The Class IV price forecast is higher in 2005 but unchanged in 2006. The all milk price for 2005 is slightly higher at \$14.95-\$15.15 per cwt., but the 2006 forecast is lowered to \$12.85-\$13.85 per cwt.

U.S. MILK SUPPLY AND USE					
Commodity	2004	2005 Projected		2006 Projected	
		July	August	July	August
MILK		BILLION POUNDS			
PRODUCTION	170.8	175.2	176.0	179.3	180.0
FARM USE	1.1	1.1	1.1	1.1	1.1
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	8.3	7.2	7.2	8.0	8.0
MARKETINGS	169.7	174.1	174.9	178.2	178.9
IMPORTS	5.3	5.1	4.9	4.9	4.9
TOTAL COMMERCIAL SUPPLY	183.3	186.3	187.0	191.1	191.8
FAT BASIS USE					
ENDING COMMERCIAL STOCKS	7.2	8.0	8.0	7.9	8.0
CCC NET REMOVALS <u>1/</u>	-0.1	0.0	0.0	0.1	0.1
COMMERCIAL USE <u>2/</u>	176.2	178.3	178.9	183.1	183.8
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	8.5	8.2	8.2	8.4	8.4
MARKETINGS	169.7	174.1	174.9	178.2	178.9
IMPORTS	4.8	5.0	4.8	4.8	4.8
TOTAL COMMERCIAL SUPPLY	183.0	187.3	187.8	191.4	192.1
SKIM-SOLIDS BASIS USE					
ENDING COMMERCIAL STOCKS	8.2	8.4	8.4	8.2	8.2
CCC NET REMOVALS <u>1/</u>	1.3	-1.0	-0.7	1.0	1.2
COMMERCIAL USE <u>2/</u>	173.5	179.8	180.1	182.2	182.7
CCC PRODUCT NET REMOVALS <u>1/</u>		MILLION POUNDS			
BUTTER	-7	0	0	0	0
CHEESE	6	0	0	7	7
NONFAT DRY MILK	105	-85	-60	80	100
DRY WHOLE MILK	0	0	0	0	0

NOTE: Totals may not add due to rounding. 1/ Includes products exported under the Dairy Export Incentive Program. 2/ Includes commercial exports.

Continued on page 10

AUGUST MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2004	2005 Projected		2006 Projected	
		July	August	July	August
PRODUCT PRICES <u>1/</u> CHEESE BUTTER NONFAT DRY MILK DRY WHEY	DOLLARS PER POUND				
	1.6431	1.470-1.500	1.470-1.490	1.300-1.400	1.280-1.380
	1.8239	1.475-1.535	1.505-1.545	1.280-1.410	1.280-1.410
	0.8405	0.900-0.930	0.910-0.930	0.860-0.930	0.860-0.930
	0.2319	0.240-0.260	0.250-0.270	0.175-0.205	0.180-0.210
MILK PRICES <u>2/</u> CLASS III CLASS IV ALL MILK <u>3/</u>	DOLLARS PER CWT				
	15.39	13.70-14.00	13.75-13.95	11.60-12.60	11.45-12.45
	13.20	12.30-12.70	12.50-12.80	11.10-12.20	11.10-12.20
	16.05	14.85-15.15	14.95-15.15	12.90-13.90	12.85-13.85
	QUARTERLY				
MILK PRODUCTION ALL MILK PRICE <u>2/</u> <u>3/</u> CLASS III PRICE <u>2/</u> CLASS IV PRICE <u>2/</u>	2005 II	2005 III <u>4/</u>	2005 IV <u>4/</u>	2006 I <u>4/</u>	2006 II <u>4/</u>
	BILLION POUNDS				
	45.6	43.5	43.6	44.8	46.5
	DOLLARS PER CWT.				
	14.83	14.65-14.95	14.55-15.15	13.55-14.45	12.30-13.30
14.11	13.60-13.90	12.90-13.50	11.90-12.80	11.20-12.20	
12.38	12.80-13.20	12.20-12.90	11.40-12.40	10.95-12.05	

1/ Simple average of monthly prices calculated by AMS from NASS weekly average dairy product prices for class price computations. Details may be found at http://www.ams.usda.gov/dyfm/mib/fedordprc_dscrp.htm. 2/ Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. 3/ Does not reflect any deductions from producers as authorized by legislation. 4/ Projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Paul Kiendl, FAS; James Miller, ERS; and Milton Madison, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-425, World Agricultural Outlook Board, USDA, August 12, 2005.

JULY MILK PRODUCTION

Milk production in the 23 major states during July totaled 13.7 billion pounds, up 4.2 percent from July 2004. June revised production, at 13.7 billion pounds, was up 5.6 percent from June 2004. The June revision represented an increase of 0.2 percent or 28 million pounds from last month's preliminary production estimate.

Production per cow in the 23 major states averaged 1,682 pounds for July, 59 pounds above July 2004.

The number of cows on farms in the 23 major states was 8.14 million head, 48,000 head more than July 2004, and 12,000 head more than June 2005.

JULY 2005 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2004	2005	2004	2005	2004	2005	% CHANGE FROM 2004
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	158	162	1,810	1,875	286	304	6.3
CA	1,729	1,760	1,780	1,775	3,078	3,124	1.5
CO	103	105	1,760	1,960	181	206	13.8
FL	139	136	1,340	1,375	186	187	0.5
ID	427	459	1,860	1,960	794	900	13.4
IL	107	104	1,520	1,580	163	164	0.6
IN	150	156	1,640	1,700	246	265	7.7
IA	193	187	1,660	1,700	320	318	-0.6
KS	115	112	1,625	1,705	187	191	2.1
KY	111	106	1,065	1,085	118	115	-2.5
MI	303	313	1,790	1,840	542	576	6.3
MN	465	455	1,460	1,500	679	683	0.6
MO	122	117	1,240	1,220	151	143	-5.3
NM	328	328	1,770	1,845	581	605	4.1
NY	656	647	1,520	1,600	997	1,035	3.8
OH	265	270	1,450	1,480	384	400	4.2
OR	120	121	1,660	1,640	199	198	-0.5
PA	559	561	1,510	1,610	844	903	7.0
TX	320	320	1,540	1,710	493	547	11.0
VT	145	143	1,525	1,565	221	224	1.4
VA	104	105	1,370	1,390	142	146	2.8
WA	237	241	1,965	2,015	466	486	4.3
WI	1,240	1,236	1,520	1,600	1,885	1,978	4.9
23 STATE TOTAL	8,096	8,144	1,623	1,682	13,143	13,698	4.2

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (8-05), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, JULY

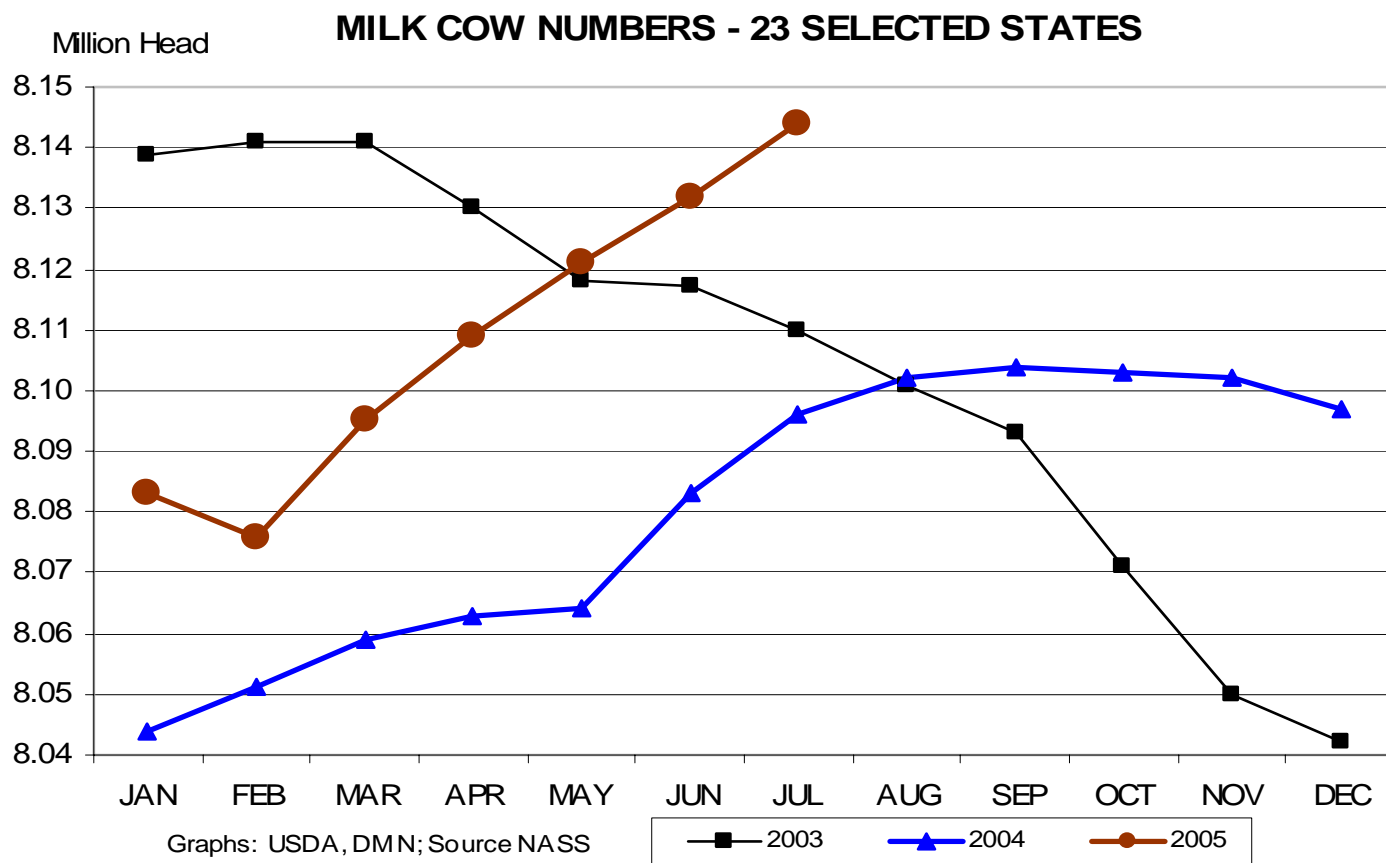
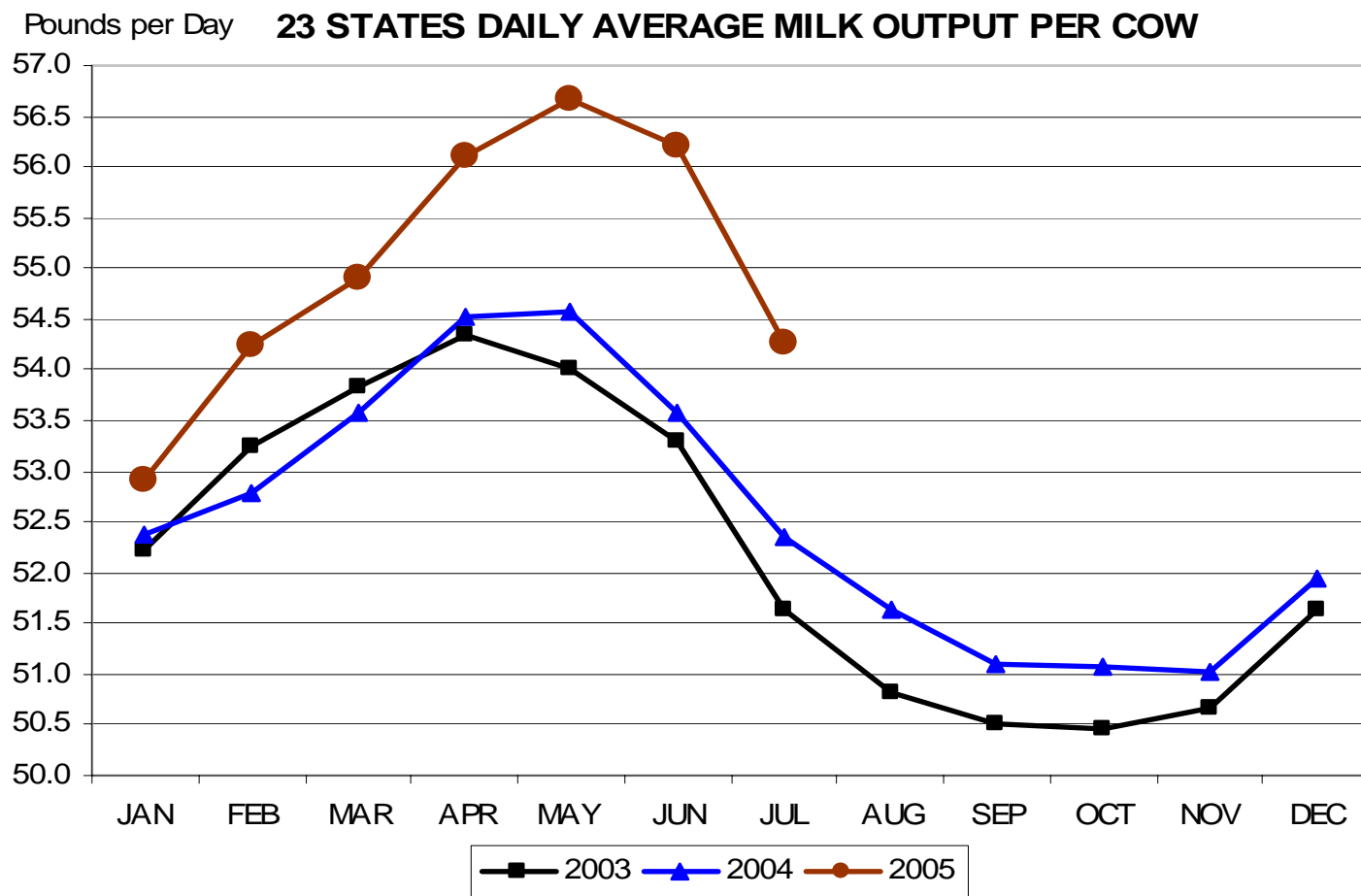
HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for July have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During July about 10.1 billion pounds of milk were received from producers. This volume of milk is 1.0 percent higher than the July 2004 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +1.2 percent.) About 3.4 billion pounds of producer milk were used in Class I products, 3.9 percent lower than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2005 as compared to 2004. The all-market average Class utilization percentages were; Class I = 34%, Class II = 13%, Class III = 39%, and Class IV = 14%. The weighted average statistical uniform price was \$15.26 per cwt., \$0.57 higher than last month, and \$1.58 lower than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JULY 2005										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>2/</u>
		TOTAL	CHANGE FROM PREV. YEAR <u>3/</u>	TOTAL	CHANGE FROM PREV. YEAR <u>3/</u>	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	1,988.1	-0.4	814.2	-5.9	41	20	24	15	15.85
Appalachian (Charlotte)	005	503.9	-2.9	332.7	-4.7	66	17	4	13	16.26
Southeast (Atlanta)	007	588.3	8.5	363.0	-2.6	62	12	14	12	16.18
Florida (Tampa)	006	249.1	7.5	203.2	-0.1	81	8	6	5	17.47
Mideast (Cleveland)	033	1,655.6	11.3	497.1	-4.5	30	17	46	7	14.96
Upper Midwest (Chicago)	030 <u>3/</u>	2,011.8	-8.6	338.5	-4.5	17	6	73	4	14.69
Central (Kansas City)	032 <u>3/</u>	1,293.5	1.7	332.3	-3.5	26	13	49	12	14.76
Southwest (Dallas)	126 <u>3/</u>	892.8	2.0	319.9	-2.6	36	15	22	27	15.44
Arizona-Las Vegas (Phoenix)	131	241.7	5.8	77.7	5.0	32	13	40	15	14.89
Pacific Northwest (Seattle)	124	673.0	3.9	166.3	-4.1	25	7	27	41	14.38
ALL MARKET AVERAGE OR TOTAL	<u>3/</u>	10,097.7	1.0	3,444.9	-3.9	34	13	39	14	15.26

1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 90 million pounds of milk that normally would have been associated with these markets. In July 2004, the estimated not-pooled volume of milk was 60 million pounds, occurring in Order Nos. 030, 126, and 124. After adjusting for these not-pooled volumes, the year-to-year percent change is +1.2.



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF AUGUST 15 - 19, 2005			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 08/12/05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	31,817,269	341,109,511	-0-	557,654,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	-0-	-0-	-0-	31,817,269	340,990,463	-0-	604,045,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF AUGUST 15 - 19, 2005 =	0.0	0.0	COMPARABLE PERIOD IN 2004 =	0.6	33.6
CUMULATIVE SINCE OCTOBER 1, 2004 =	7.0	370.4	CUMULATIVE SAME PERIOD LAST YEAR =	74.1	3,969.1
CUMULATIVE JAN. 1 - AUG. 19, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2004 =	48.6	2,619.9

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	8,493,089	4.2	2.5
WEST	-0-	-42,309	-0-	-0-	29,415,099	328,213,600	92.4	96.2
EAST	-0-	-0-	-0-	-0-	1,070,603	4,283,774	3.4	1.3
TOTAL	-0-	-42,309	-0-	-0-	31,817,269	340,990,463	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 07/30/05 & Comparable Week 2004

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL		% DAIRY OF ALL	
											WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2005-Dairy	N.A.	0.6	6.2	2.0	13.4	2.3	0.4	N.A.	12.0	1.5	39.4	1,306.4	49.2	47.1
2004-Dairy	N.A.	0.8	6.2	2.1	17.5	2.3	0.9	N.A.	11.1	2.3	44.0	1,379.0	46.8	46.5
2005-All cows	N.A.	0.6	7.3	9.2	23.8	13.0	8.2	N.A.	14.2	1.7	80.1	2,771.8		
2004-All cows	N.A.	0.8	7.6	11.6	27.5	13.5	12.1	N.A.	13.1	5.0	94.0	2,967.6		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA. 1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14

FEDERAL MILK ORDER CLASS PRICES FOR 2005 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.65	13.79	15.43	14.13	14.80	13.62	13.89	14.44	13.70			
II	13.04	13.36	13.25	13.24	12.78	13.06	13.79					
III	14.14	14.70	14.08	14.61	13.77	13.92	14.35					
IV	12.52	12.74	12.66	12.61	12.20	12.33	13.17					

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm05/mib/cls_prod_cmp_pr.htm